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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/06

SPONSOR Lujan, B. LAST UPDATED _____ HB 620

SHORT TITLE NM Tech Electronic Marketing Database SB _____

ANALYST Lewis

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	250.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 532 (Electronic Procurement Bid Submission)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 620 appropriates \$250,000 from the general fund to the Board of Regents of New Mexico Institute of Mining and Technology to implement an electronic marketing database.

FISCAL IMPLICATIONS

The appropriation of \$250,000 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

The Department of Finance and Administration (DFA) assumes this appropriation to be non-recurring because the funding is for the implementation of the database rather than operating costs of the program associated with the database, and because the reported intended recipient of the funding claims that this would be “bridge funding” for a program which is intended to be self-sustaining.

SIGNIFICANT ISSUES

According to the Higher Education Department (HED), this bill provides funding to the New Mexico Institute of Mining and Technology (NM Tech) as a fiscal agent for funding to recruit additional New Mexico businesses to participate in the electronic marketing database called eMercadoNM. Business partners for eMercadoNM include the Albuquerque Hispano Chamber of Commerce, Sandia National Laboratories, NM Tech, the New Mexico Department of Labor, Small Business Development Centers around the state, and the Small Business Administration.

HED notes that this proposal was not submitted by NM Tech to HED, and was not included in HED's funding recommendation for FY07.

According to the Department of Finance and Administration (DFA), the "eMercadoNM" matchmaking database is designed to link small businesses in New Mexico to procurement opportunities from larger businesses within the state. DFA notes that, according to its Executive Director, eMercadoNM received \$500,000 in FY04 as a special appropriation through New Mexico Tech to design and build the database and \$250,000 in FY05 as a special appropriation through the University of New Mexico (UNM) to furnish and equip the office.

The eMercado program reports that the database includes 70,000 profiles of small businesses in New Mexico and that the program has partnered with several large companies, state agencies and municipalities to match their procurement requests with small businesses. Sandia National Laboratory is a founding partner of the effort and has contributed funding. The program does not charge small businesses a fee lest cost concerns result in those businesses not participating. The program aims to become self-sustaining based on contracts with the larger procurement entities.

DFA further notes that the proposed appropriation was not included in the Executive Recommendation or in NM Tech's FY07 request.

According to the eMercadoNM web site at <http://emercadonm.com/>, eMercadoNM was founded by the Albuquerque Hispano Chamber of Commerce and Sandia National Laboratories in an effort to help small businesses across the state connect with business opportunities offered by government agencies and large corporations. The program also helps buyers at large private and public entities easily locate and connect with in-state suppliers. The mission of eMercadoNM is to provide and promote a web-based business development program and marketplace that retains, attracts and motivates increased sales for New Mexico business.

HED adds that eMercadoNM offers two solutions to help New Mexico small businesses:

- 1) an enterprise level e-procurement and matchmaking web solution available to large government and corporate partners that provides a direct link to thousands of New Mexico small businesses.
- 2) a community-based business to business (B2B) web portal. This internet B2B portal allows businesses statewide to connect with each other and quickly find products and services from New Mexico businesses.